

AMENDED IN SENATE OCTOBER 8, 2007

CALIFORNIA LEGISLATURE—2007—08 SECOND EXTRAORDINARY SESSION

**SENATE BILL**

**No. 2**

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**Introduced by Senators Perata, Machado, *Simitian*, and Steinberg**

September 19, 2007

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An act to add Division 26.7 (commencing with Section 79700) to the Water Code, relating to financing a water supply reliability and environmental restoration program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, as amended, Perata. ~~Water Supply Reliability Bond Safe Drinking Water~~ Act of 2008.

Under existing law, various measures have been approved by the voters to provide funds for water protection, facilities, and programs.

This bill would enact the ~~Water Supply Reliability Bond Safe Drinking Water~~ Act of 2008 which, if approved by the voters, would authorize, for the purposes of financing a specified water supply reliability and environmental restoration program, the issuance of bonds in the amount of ~~\$5,800,000,000~~ \$6,835,000,000 pursuant to the State General Obligation Bond Law.

The bill would provide for submission of the bond act to the voters at the February 5, 2008, statewide primary election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. ~~WATER SUPPLY RELIABILITY BOND~~  
*THE SAFE DRINKING WATER ACT OF 2008*

CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the ~~Water Supply Reliability Bond Act of 2008~~: *Safe Drinking Water Act of 2008*.

CHAPTER 2. FINDINGS AND DECLARATIONS

79701. *The people of California find and declare all of the following:*

(a) *Safeguarding supplies of clean, safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.*

(b) *Providing adequate supplies of clean, safe drinking water is vital to keeping California's economy growing and strong.*

(c) *Encouraging water conservation, upgrading water systems to reduce waste, and improving sewage treatment to create recycled water for businesses and large water users are commonsense measures to treat water as the precious resource that it is.*

(d) *Protecting lakes, rivers, and streams from pollution, cleaning up polluted groundwater supplies, and protecting water sources that supply the California State Water Project are crucial to providing a reliable supply of drinking water.*

CHAPTER 2.3. DEFINITIONS

79702. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

1 ~~(a) “Bay-delta” means the San Francisco Bay/Sacramento-San~~  
2 ~~Joaquin Delta.~~

3 ~~(b)~~

4 (a) “Bay Delta Conservation Plan” means the plan prepared  
5 pursuant to the Planning Agreement regarding the Bay Delta  
6 Conservation Plan, dated October 6, 2006.

7 ~~(c)~~

8 (b) “Bay-Delta Estuary” means the delta, Suisun Bay, and  
9 Suisun Marsh.

10 ~~(d) “CALFED” means the consortium of state and federal~~  
11 ~~agencies with management and regulatory responsibilities in the~~  
12 ~~San Francisco Bay/Sacramento-San Joaquin Delta Estuary.~~

13 ~~(e) “CALFED Bay-Delta Program” means the undertaking by~~  
14 ~~CALFED to develop and implement, by means of the final~~  
15 ~~programmatic environmental impact statement/environmental~~  
16 ~~impact report, the preferred programs, actions, projects, and related~~  
17 ~~activities that will provide solutions to identified problem areas~~  
18 ~~related to the San Francisco Bay/Sacramento-San Joaquin Delta~~  
19 ~~Estuary ecosystem, including, but not limited to, the bay-delta and~~  
20 ~~its tributary watersheds.~~

21 ~~(f)~~

22 (c) “Committee” means the Water Supply Reliability Finance  
23 Committee created by Section 79782.

24 ~~(g)~~

25 (d) “Delta” means the Sacramento-San Joaquin Delta as defined  
26 in Section 12220.

27 ~~(h)~~

28 (e) “Department” means the Department of Water Resources.

29 ~~(i)~~

30 (f) “Director” means the Director of Water Resources.

31 (g) “*Disadvantaged community*” has the meaning set forth in  
32 subdivision (a) of Section 79505.5.

33 ~~(j) “Disadvantaged community” means a community with a~~  
34 ~~median household income that is less than 80 percent of the~~  
35 ~~statewide average.~~

36 ~~(k)~~

37 (h) “Fund” means the ~~Reliable Water Supply Bond Safe~~  
38 ~~Drinking Water~~ Fund of 2008 created by Section 79720.

39 ~~(l)~~

(i) “Integrated regional water management plan” means a comprehensive plan for a defined geographic area, the specific development and content of which shall be defined by guidelines adopted by the department. At a minimum, an integrated regional water management plan describes the major water-related objectives and conflicts within a region, considers a broad variety of water management strategies, and identifies the appropriate combination of water demand and supply management alternatives, water quality protections, and environmental stewardship actions to provide long-term, reliable, and high-quality water supplies and to protect the environment at the lowest reasonable cost and with the highest possible benefits to the environment and to water users.

~~(m)~~  
(j) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c) (3) of Title 26 of the United States Internal Revenue Code.

~~(n)~~  
(k) “Public agency” means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

~~(o)~~  
(l) “Secretary” means the Secretary of the Resources Agency.

~~(p)~~  
(m) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

#### CHAPTER 3.4. GENERAL PROVISIONS

79710. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the costs to administer that program.

79711. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division.

79712. (a) Prior to disbursing grants pursuant to this division, ~~the department~~ *each state agency that is required to administer a grant under this division* shall develop project solicitation and

1 evaluation guidelines. The guidelines may include a limitation on  
2 the dollar amount of grants to be awarded.

3 (b) Prior to disbursing grants, the ~~department~~ *state agency* shall  
4 conduct two public meetings to consider public comments prior  
5 to finalizing the guidelines. The ~~department~~ *state agency* shall  
6 publish the draft solicitation and evaluation guidelines on its  
7 Internet Web site at least 30 days before the public meetings. One  
8 meeting shall be conducted at a location in northern California,  
9 and one meeting shall be conducted at a location in southern  
10 California. Upon adoption, the ~~department~~ *state agency* shall  
11 transmit copies of the guidelines to the fiscal committees and the  
12 appropriate policy committees of the Legislature.

13 79713. It is the intent of the people that the investment of public  
14 funds pursuant to this division should result in public benefits.

15 79714. *The State Auditor shall annually conduct an audit of*  
16 *expenditures from the fund. The State Auditor shall report its*  
17 *findings to the Governor and the Legislature, and shall make the*  
18 *findings available to the public.*

19 79715. *Funds provided by this division shall not be used to*  
20 *support or pay for the mitigation obligations of private parties or*  
21 *local agencies under state or federal law.*

22  
23 CHAPTER 4.5. ~~RELIABLE WATER SUPPLY BOND~~ *SAFE DRINKING*  
24 *WATER FUND OF 2008*  
25

26 79720. The proceeds of bonds issued and sold pursuant to this  
27 division shall be deposited in the ~~Reliable Water Supply Bond~~  
28 *Safe Drinking Water Fund of 2008*, which is hereby created.

29  
30 CHAPTER 6. *WATER SUPPLY RELIABILITY*  
31

32 79721. *The sum of two billion dollars (\$2,000,000,000) shall*  
33 *be available for appropriation by the Legislature from the fund to*  
34 *the department for competitive grants for water supply reliability*  
35 *in accordance with this chapter.*

36 79722. (a) *Except as provided in subdivision (g), the*  
37 *department shall award grants to eligible projects that are*  
38 *consistent with an adopted integrated regional water management*  
39 *plan.*

1     (b) An urban water supplier that does not prepare, adopt, and  
2     submit its urban water management plan in accordance with the  
3     Urban Water Management Planning Act (Part 2.6 (commencing  
4     with Section 10610) of Division 6) is ineligible to receive funds  
5     made available pursuant to this chapter until the urban water  
6     management plan is prepared and submitted in accordance with  
7     the requirements of that act.

8     (c) For the purposes of awarding a grant under this chapter,  
9     the department shall require a cost share of not less than 50  
10    percent of project costs. The department may waive or reduce the  
11    cost-sharing requirement for projects that directly benefit a  
12    disadvantaged community.

13    (d) Eligible projects include all of the following:

14    (1) Agricultural and urban water use efficiency implementation  
15    projects, as well as feasibility studies, technical assistance,  
16    education, and public outreach, and projects that result in water  
17    savings, increased instream flow, improved water quality, or  
18    increased energy efficiency.

19    (2) Recycling, reclamation, desalination, and associated  
20    facilities, including distributions systems.

21    (3) Groundwater and surface storage projects, and conjunctive  
22    use and reservoir reoperations projects.

23    (4) Groundwater contamination prevention, cleanup, and  
24    treatment, and other water quality projects necessary to protect  
25    existing or potential water supplies. The implementation of a  
26    project financed pursuant to this paragraph does not relieve a  
27    responsible party or liable person from that person's obligation  
28    under existing state or federal law to clean up or remediate, or  
29    otherwise treat, contaminated water.

30    (5) Other projects that improve water supply reliability or  
31    improve the supply and delivery of safe drinking water.

32    (e) Eligible applicants are public agencies, public utilities, and  
33    mutual water companies. To be eligible for funding under this  
34    chapter, projects proposed by public utilities that are regulated  
35    by the Public Utilities Commission and mutual water companies  
36    shall have a clear and definite public purpose and shall benefit  
37    the customers of those respective water systems.

38    (f) The funding provided in Section 79760 shall be allocated to  
39    each hydrologic region as identified in the California Water Plan  
40    in accordance with this subdivision. For the South Coast

hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County and southern Orange County (designated as the San Diego subregion), the Santa Ana River watershed (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:

(1) North Coast	\$70,000,000
(2) San Francisco Bay	\$240,000,000
(3) Central Coast	\$95,000,000
(4) Los Angeles subregion	\$369,000,000
(5) Santa Ana subregion	\$200,000,000
(6) San Diego subregion	\$161,000,000
(7) Sacramento River	\$131,000,000
(8) San Joaquin River	\$103,000,000
(9) Tulare/Kern	\$109,000,000
(10) North/South Lahontan	\$53,000,000
(11) Colorado River Basin	\$69,000,000
(12) Interregional	\$400,000,000

(g) Interregional funds may be expended directly or granted by the department to address multiregional needs or statewide priorities, including, but not limited to, any of the following:

- (1) Investing in new water technology development and deployment.
- (2) Meeting state water recycling goals.
- (3) Adapting to climate change impacts.
- (4) Reducing contributions to climate change.
- (5) Other projects to improve statewide water management systems.

## CHAPTER 5.7. DELTA SUSTAINABILITY

79730. (a) The Bay-Delta Estuary is a unique and irreplaceable combination of environmental and economic resources. Current management and use of the delta is not sustainable, and results in a high level of conflict among various interests. Future delta sustainability is threatened by changing hydrology, climate change, flood risk, seismic events, nonnative species, toxics, and other environmental problems. Future management of the delta must improve delta ecosystem health and improve the means of delta water conveyance in order to protect drinking water quality, improve water supply reliability, restore ecosystem health, and preserve sustainable agricultural and recreational values in the delta. Many sources of funding will be needed to implement improved delta management.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

~~(c) It is the intent of the Legislature that the department implement, pursuant to current authority and the recommendations of the Bay Delta Conservation Plan and the Blue Ribbon Task Force established by Executive Order S-17-06, a comprehensive delta sustainability program, including both water conveyance and ecosystem improvements, that meets the following criteria:~~

*(c) In implementing this chapter, the department, taking into consideration the recommendations of the Bay Delta Conservation Plan and the Blue Ribbon Task Force established by Executive Order S-17-06, shall develop, in cooperation with the Department of Fish and Game and the State Water Resources Control Board, a comprehensive delta sustainability program that includes both water conveyance and ecosystem improvements, and that meets the following criteria:*

(1) Reduces impacts to native fish caused by the operation of the export pumps and improves the operational flexibility and ability of the State Water Project and the Central Valley Project to provide the benefits described by this subdivision.

(2) Provides conditions that will allow for habitat improvements for fish and wildlife in the delta.



1 (3) Provides improved water supply reliability and conveyance  
2 for the State Water Project and the Central Valley Project and for  
3 ~~market~~ water transfers.

4 (4) Reduces the quantity of bromide, total organic carbon, and  
5 total dissolved solids in the water pumped at ~~the Harvey O. Banks~~  
6 ~~and C.W. "Bill" Jones pumping plants to protect the public health~~  
7 *state and federal water pumping facilities to protect the public*  
8 *health* and improves the ability of the State Water Project and the  
9 Central Valley Project to manage salinity.

10 (5) Reduces vulnerability to seismic events in or near the delta  
11 and provides flexibility to manage uncertainties associated with  
12 climate change and future fishery needs.

13 (d) Funds provided by this chapter may not be expended for the  
14 design or construction of delta water transfer facilities. *All costs*  
15 *related to any water conveyance improvements shall be the*  
16 *responsibility of the agencies that benefit from those improvements.*

17 (e) *The Legislature may only amend or repeal this section by a*  
18 *statute that is passed in each house by rollcall vote entered into*  
19 *the journal, two-thirds of the membership concurring.*

20 79731. The sum of two billion four hundred million dollars  
21 (\$2,400,000,000) shall be available for appropriation by the  
22 Legislature from the fund ~~to the department~~ for grants and direct  
23 expenditure, as follows:

24 (a) One billion dollars (\$1,000,000,000) for projects ~~to that~~  
25 *provide public benefits and support delta sustainability options,*  
26 *including projects that* do any of the following:

27 (1) Ensure that urban and agricultural water supplies derived  
28 from the delta, including water supplies used within the delta to  
29 support beneficial uses, are not disrupted because of catastrophic  
30 failures of delta levees resulting from earthquakes, floods, land  
31 sinking, rising ocean levels, or other forces.

32 (2) Improve the quality of drinking water derived from the delta.

33 (3) ~~Physical~~ *Provide physical* improvements or other actions to  
34 create waterflow conditions within the delta to provide adequate  
35 habitat for native fish and wildlife.

36 (4) Create sustainable land use patterns and flood structures in  
37 the delta.

38 (5) Protect transportation and other vital infrastructure in and  
39 around the delta.

(6) Facilitate other projects that provide public benefits and support delta sustainability options approved by the Legislature, including costs associated with planning, monitoring, and design of alternatives, and project modifications and adaptations necessary to achieve the goals of this ~~paragraph~~ chapter. *Not more than 5 percent of the funds allocated under this chapter may be expended for planning, monitoring, and design.*

(b) One billion four hundred million dollars (\$1,400,000,000) for projects to protect and enhance the sustainability of the delta ecosystem, including any of the following:

(1) Projects for the development and implementation of the Bay Delta Conservation Plan and projects that are consistent with the findings of the Blue Ribbon Task Force established by Executive Order S-17-06. ~~The plan~~ *Bay Delta Conservation Plan* shall identify projects for the enhancement and sustainability of selected fish species, and shall be developed to meet the requirements of Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation and environmental compliance, and for implementing projects identified in the ~~plan~~ *Bay Delta Conservation Plan*.

(2) Other projects to protect and restore native fish and wildlife dependent on the delta ecosystem, including the removal or reduction of undesirable invasive species.

(3) Projects to reduce greenhouse gas emissions from exposed delta soils.

(c) (1) Expenditure of any portion of the funds provided pursuant to this chapter is contingent on the adoption of a comprehensive plan for delta sustainability.

(2) *The water agency members and nongovernment organization members of the Bay Delta Conservation Steering Committee shall recommend to the secretary a cost-share formula for the nonstate funded share of projects proposed for funding pursuant to paragraph (1) of subdivision (b).*

CHAPTER 6. WATER SUPPLY RELIABILITY

~~79760. The sum of two billion dollars (\$2,000,000,000) shall be available for appropriation by the Legislature from the fund to the department for competitive grants for water supply reliability in accordance with this chapter.~~

~~79761. (a) Except as provided in subdivision (g), the department shall award grants to eligible projects that are consistent with an adopted integrated regional water management plan.~~

~~(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to this chapter until the urban water management plan is prepared and submitted in accordance with the requirements of that act.~~

~~(c) For the purposes of awarding a grant under this chapter, the department shall require a cost share of not less than 50 percent of project costs.~~

~~(d) Eligible projects include all of the following:~~

~~(1) Agricultural and urban water use efficiency implementation projects, as well as feasibility studies, technical assistance, education, and public outreach, and projects that result in water savings, increased instream flow, improved water quality, or increased energy efficiency.~~

~~(2) Recycling, reclamation, desalination, and associated facilities, including distributions systems.~~

~~(3) Groundwater and surface storage projects, and conjunctive use and reservoir reoperations projects.~~

~~(4) Groundwater contamination prevention, cleanup, and treatment, and other water quality projects necessary to protect existing or potential water supplies.~~

~~(5) Other projects that improve water supply reliability or improve the supply and delivery of safe drinking water.~~

~~(e) Eligible applicants are public agencies, public utilities, and mutual water companies. To be eligible for funding under this chapter, projects proposed by public utilities that are regulated by the Public Utilities Commission and mutual water companies shall have a clear and definite public purpose and shall benefit the customers of those respective water systems.~~

(f) Funds made available by this chapter shall be allocated pursuant to the following regional distribution based on hydrologic regions and subregions identified in the California Water Plan:

(1) North Coast	-\$70,000,000
(2) San Francisco Bay	\$240,000,000
(3) Central Coast	-\$95,000,000
(4) Los Angeles subregion	\$369,000,000
(5) Santa Ana subregion	\$200,000,000
(6) San Diego subregion	\$161,000,000
(7) Sacramento River	\$131,000,000
(8) San Joaquin River	\$103,000,000
(9) Tulare/Kern	\$109,000,000
(10) North/South Lahontan	-\$53,000,000
(11) Colorado River Basin	-\$69,000,000
(12) Interregional	\$400,000,000

(g) Interregional funds may be expended directly or granted by the department to address multiregional needs or statewide priorities, including, but not limited to, any of the following:

- (1) Investing in new water technology development and deployment.
- (2) Meeting state water recycling goals.
- (3) Adapting to climate change impacts.
- (4) Reducing contributions to climate change.
- (5) Other projects to improve statewide water management systems.

#### CHAPTER 7.8. RESOURCE STEWARDSHIP AND ENVIRONMENTAL RESTORATION PROGRAM CONSERVATION AND POLLUTION CLEANUP

79770. The sum of one billion dollars (\$1,000,000,000) shall be available for appropriation by the Legislature from the fund to the secretary for expenditures and grants for resource stewardship, ecosystem restoration, urban watershed, and stormwater management projects, including, but not limited to, all of the following watersheds:

- (a) The San Joaquin River ~~system~~ watershed.
- (b) The Sacramento River ~~corridor~~ watershed.
- (c) The Salton Sea and Colorado River watersheds.

- 1 (d) The Los Angeles River watershed.  
2 (e) The San Gabriel River watershed.  
3 (f) The Santa Ana River watershed.  
4 (g) The Klamath River watershed, including the Trinity, Scott,  
5 and Shasta Rivers and watersheds.  
6 (h) North coast watersheds.  
7 (i) San Francisco Bay watersheds.  
8 (j) Central coast watersheds.  
9 (k) South coast watersheds.  
10 (l) Lake Tahoe Basin.  
11 (m) Kern River and Tulare Basin.  
12 (n) San Diego County coastal watersheds.  
13 (o) The Ventura River watershed.  
14 (p) The Sierra Nevada Mountain watersheds.  
15 79771. (a) Funds provided for the Sacramento River and San  
16 Joaquin River watersheds under Section 79770 shall be available  
17 for projects consistent with the ecosystem restoration program  
18 element of the California Bay-Delta Program, or its successor.  
19 (b) Funds provided for Salton Sea watershed projects under  
20 Section 79770 shall be available for Salton Sea restoration  
21 activities identified for “Period I” in the Resources Agency report  
22 entitled “Salton Sea Ecosystem Restoration Program Preferred  
23 Alternative Report and Funding Plan,” dated May 2007.  
24 (c) Funds provided for the Lake Tahoe Basin watershed under  
25 Section 79770 shall be available for projects consistent with the  
26 Lake Tahoe Environmental Improvement Program.  
27 (d) Funds provided for the Los Angeles River and San Gabriel  
28 River watersheds under Section 79770 shall be available pursuant  
29 to Section 79508, and for projects within the City of Los Angeles,  
30 consistent with the Los Angeles River Revitalization Master Plan.  
31 79772. (a) The sum of eighty-five million dollars (\$85,000,000)  
32 shall be available for appropriation by the Legislature from the  
33 fund to the Department of Fish and Game for expenditures and  
34 grants to protect the delta ecosystem and the state’s water supply  
35 from invasive species, including, but not limited to, asiatic clams,  
36 zebra mussels, quagga mussels, and New Zealand mud snails.  
37 (b) At least fifty million dollars (\$50,000,000) of the funds  
38 provided pursuant to subdivision (a) shall be available for grants  
39 to public agencies, including water agencies, to pay for capital  
40 expenditures associated with the control of invasive species,

1 *including, but not limited to, chlorination facilities, habitat*  
2 *modifications, and monitoring equipment. The Department of Fish*  
3 *and Game shall administer the grant program.*

4 79773. *For restoration and ecosystem protection projects under*  
5 *this chapter, the services of the California Conservation Corps or*  
6 *community conservation corps shall be used whenever feasible.*

7 79774. *Funds provided under this chapter may be appropriated*  
8 *to the Resources Agency, the Department of Fish and Game, the*  
9 *Department of Parks and Recreation, or to state conservancies*  
10 *for expenditures and grants consistent with this chapter.*

11 79774.1. *Of the funds made available pursuant to this chapter,*  
12 *not less than two hundred million dollars (\$200,000,000) shall be*  
13 *available to the State Coastal Conservancy for coastal watershed*  
14 *projects.*

15 79774.2. *Of the funds provided in Section 79770, not less than*  
16 *one hundred million dollars (\$100,000,000) shall be available to*  
17 *the Wildlife Conservation Board for direct expenditure or grants*  
18 *for the acquisition of water rights from willing sellers and the*  
19 *conveyance of water for the benefit of migratory birds on wildlife*  
20 *refuges and wildlife habitat areas subject to Section 3406(d) of*  
21 *the federal Central Valley Project Improvement Act (Public Law*  
22 *102-575).*

23 79774.5. *For the purposes of this chapter, the terms*  
24 *“restoration” and “protection” have the meanings set forth in*  
25 *Section 75005 of the Public Resources Code.*

26  
27 CHAPTER 8.9. GROUNDWATER PROTECTION AND WATER  
28 QUALITY  
29

30 79775. *The sum of four hundred million dollars (\$400,000,000)*  
31 *shall be available for appropriation by the Legislature from the*  
32 *fund for expenditures, grants, and loans for projects to prevent or*  
33 *reduce the contamination of groundwater that serves as a source*  
34 *of drinking water. Funds appropriated by this chapter shall be*  
35 *available for projects necessary to protect public health by*  
36 *preventing or reducing the contamination of groundwater that*  
37 *serves as a major source of drinking water for a community.*

38 (a) *Projects shall be prioritized based upon the following criteria:*

39 (1) *The threat posed by groundwater contamination to the*  
40 *affected community’s overall drinking water supplies, including*

1 the need for treatment of alternative supplies if groundwater is not  
2 available due to contamination.

3 (2) The potential for groundwater contamination to spread and  
4 reduce drinking water supply and water storage for nearby  
5 population areas.

6 (3) The potential of the project, if fully implemented, to enhance  
7 local water supply reliability.

8 (4) The potential of the project to increase opportunities for  
9 groundwater recharge and optimization of groundwater supplies.

10 (b) The board shall give additional consideration to projects  
11 that meet any of the following criteria:

12 (1) The project is implemented pursuant to a comprehensive  
13 basin-wide groundwater quality management and remediation plan  
14 or is necessary to develop a comprehensive groundwater plan.

15 (2) Affected groundwater provides a local supply that, if  
16 contaminated and not remediated, will require import of additional  
17 water from outside the region.

18 (3) The project will serve an economically disadvantaged  
19 community.

20 (4) *The project is part of a basinwide management and*  
21 *remediation plan for which federal funds have been allocated.*

22 (5) *The project addresses contamination at a site on the list*  
23 *maintained by the Department of Toxic Substances Control*  
24 *pursuant to Section 25356 of the Health and Safety Code or a site*  
25 *listed on the National Priorities List pursuant to the Comprehensive*  
26 *Environmental Response, Compensation, and Liability Act of 1980*  
27 *(42 U.S.C. Sec. 9601 et seq.).*

28 (c) The Legislature, by statute, shall establish both of the  
29 following:

30 (1) Requirements for repayment of grant funds in the event of  
31 cost recovery from parties responsible for the groundwater  
32 contamination.

33 (2) Requirements for recipients of grants to make reasonable  
34 efforts to recover costs from parties responsible for groundwater  
35 contamination.

36 79776. *The sum of one hundred million dollars (\$100,000,000)*  
37 *shall be available for appropriation by the Legislature from the*  
38 *fund to the State Water Resources Control Board for grants for*  
39 *small community wastewater treatment projects to protect water*  
40 *quality that meet the following criteria:*

1 (a) The project is for the planning, design, permitting,  
2 construction, or improvement of a wastewater treatment facility,  
3 sewer system, or related infrastructure necessary to meet water  
4 quality standards or prevent contamination of surface water or  
5 groundwater resources.

6 (b) The project will serve a community with a population of  
7 20,000 or less.

8 (c) The project meets other standards that may be established  
9 by the State Water Resources Control Board with respect to the  
10 design, construction, financing, and operation of the project.

11 79777. (a) The sum of five hundred million dollars  
12 (\$500,000,000) shall be available for appropriation by the  
13 Legislature from the fund to the State Water Resources Control  
14 Board for competitive grants and loans for stormwater  
15 management and water quality projects pursuant to this section.

16 (b) Eligible projects shall assist in compliance with total  
17 maximum daily load (TMDL) implementation plans and be  
18 consistent with all applicable water quality permits.

19 (c) Eligible projects include facilities and infrastructure to  
20 reduce, manage, and treat stormwater runoff, including, but not  
21 limited to:

22 (1) Detention and retention basins.

23 (2) Dry weather diversion facilities, trash filters, and screens.

24 (3) Treatment wetlands creation and enhancement.

25 (4) Stormwater runoff reduction projects, including permeable  
26 surface installation, cisterns, and collection and treatment facilities  
27 for groundwater recharge.

28 (d) The board shall require not less than a 50 percent cost share  
29 for grant funds, but may suspend or reduce the matching  
30 requirements for disadvantaged communities.

31 (e) The board shall award grants on a competitive basis,  
32 considering the following criteria:

33 (1) Water quality benefits of the project, including the project's  
34 ability to reduce impairment of the receiving water body.

35 (2) Cost effectiveness.

36 (3) Public health benefits of the project.

37 (f) Eligible recipients shall include local public agencies and  
38 joint powers authorities.

39 79778. The sum of one hundred million dollars (\$100,000,000)  
40 shall be transferred from the fund to the California Ocean



*Protection Trust Fund established pursuant to Section 35650 of the Public Resources Code for expenditure, upon appropriation by the Legislature, by the Ocean Protection Council for grants to public agencies for projects to protect and improve water quality in areas of special biological significance, as defined in subdivision (f) of Section 36700 of the Public Resources Code.*

CHAPTER 10. WATER RECYCLING PROGRAM

79779. *The sum of two hundred fifty million dollars (\$250,000,000) shall be available for appropriation by the Legislature from the fund to the State Water Resources Control Board for grants and loans for water recycling projects consistent with Article 4 (commencing with Section 79135) of Chapter 7 of Division 26. Not less than one hundred million dollars (\$100,000,000) of this amount shall be available for projects to restore water supply lost as a result of groundwater contamination.*

CHAPTER 9.11. FISCAL PROVISIONS

79780. (a) Bonds in the total amount of ~~five billion eight hundred million dollars (\$5,800,000,000)~~ *six billion eight hundred thirty-five million dollars (\$6,835,000,000)*, not including the amount of any refunding bonds issued in accordance with Section 79792, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute valid and binding obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall sell the bonds authorized by the committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

79781. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State

1 General Obligation Bond Law, and all of the provisions of that  
2 law apply to the bonds and to this division and are hereby  
3 incorporated in this division as though set forth in full in this  
4 division, except Section 16727 of the Government Code shall not  
5 apply to the extent that it is inconsistent with any other provision  
6 of this division.

7 79782. (a) Solely for the purpose of authorizing the issuance  
8 and sale, pursuant to the State General Obligation Bond Law, of  
9 the bonds authorized by this division, the ~~Reliable Water Supply~~  
10 *Safe Drinking Water* Finance Committee is hereby created. For  
11 purposes of this division, the ~~Reliable Water Supply~~ *Safe Drinking*  
12 *Water* Finance Committee is “the committee” as that term is used  
13 in the State General Obligation Bond Law.

14 (b) The committee consists of the Director of Finance, the  
15 Treasurer, the Controller, the Director of Water Resources, and  
16 the Secretary for the Resources Agency. Notwithstanding any other  
17 provision of law, any member may designate a deputy to act as  
18 that member in his or her place for all purposes, as though the  
19 member were personally present.

20 (c) The Treasurer shall serve as chairperson of the committee.

21 (d) A majority of the members of the committee shall constitute  
22 a quorum of the committee, and may act for the committee.

23 79783. The committee shall determine whether or not it is  
24 necessary or desirable to issue bonds authorized pursuant to this  
25 division to carry out the actions specified in this division and, if  
26 so, the amount of bonds to be issued and sold. Successive issues  
27 of bonds may be authorized and sold to carry out those actions  
28 progressively, and it is not necessary that all of the bonds  
29 authorized to be issued be sold at any one time.

30 79784. “Board,” as defined in Section 16722 of the Government  
31 Code for the purposes of compliance with the State General  
32 Obligation Bond Law, means the department.

33 79785. There shall be collected each year and in the same  
34 manner and at the same time as other state revenue is collected,  
35 in addition to the ordinary revenues of the state, a sum in an amount  
36 required to pay the principal of, and interest on, the bonds each  
37 year, and it is the duty of all officers charged by law with any duty  
38 in regard to the collection of the revenue to do and perform each  
39 and every act which is necessary to collect that additional sum.

1 79786. Notwithstanding Section 13340 of the Government  
2 Code, there is hereby appropriated from the General Fund in the  
3 State Treasury, for the purposes of this division, an amount that  
4 will equal the total of the following:

5 (a) The sum annually necessary to pay the principal of, and  
6 interest on, bonds issued and sold pursuant to this division, as the  
7 principal and interest become due and payable.

8 (b) The sum that is necessary to carry out the provisions of  
9 Section 79789, appropriated without regard to fiscal years.

10 79787. The board may request the Pooled Money Investment  
11 Board to make a loan from the Pooled Money Investment Account  
12 in accordance with Section 16312 of the Government Code for the  
13 purpose of carrying out this division. The amount of the request  
14 shall not exceed the amount of the unsold bonds that the committee  
15 has, by resolution, authorized to be sold for the purpose of carrying  
16 out this division. The board shall execute those documents required  
17 by the Pooled Money Investment Board to obtain and repay the  
18 loan. Any amounts loaned shall be deposited in the fund to be  
19 allocated in accordance with this division.

20 79788. Notwithstanding any other provision of this division,  
21 or of the State General Obligation Bond Law, if the Treasurer sells  
22 bonds that include a bond counsel opinion to the effect that the  
23 interest on the bonds is excluded from gross income for federal  
24 tax purposes under designated conditions, the Treasurer may  
25 maintain separate accounts for the bond proceeds invested and for  
26 the investment earnings on those proceeds, and may use or direct  
27 the use of those proceeds or earnings to pay any rebate, penalty,  
28 or other payment required under federal law or take any other  
29 action with respect to the investment and use of those bond  
30 proceeds, as may be required or desirable under federal law in  
31 order to maintain the tax-exempt status of those bonds and to obtain  
32 any other advantage under federal law on behalf of the funds of  
33 this state.

34 79789. For the purposes of carrying out this division, the  
35 Director of Finance may authorize the withdrawal from the General  
36 Fund of an amount or amounts not to exceed the amount of the  
37 unsold bonds that have been authorized by the committee to be  
38 sold for the purpose of carrying out this division. Any amounts  
39 withdrawn shall be deposited in the fund. Any money made  
40 available under this section shall be returned to the General Fund,

1 with interest at the rate earned by the money in the Pooled Money  
2 Investment Account, from proceeds received from the sale of bonds  
3 for the purpose of carrying out this division.

4 79790. All money deposited in the fund that is derived from  
5 ~~premium~~ *premiums* and accrued interest on bonds sold pursuant  
6 to this division shall be reserved in the fund and shall be available  
7 for transfer to the General Fund as a credit to expenditures for  
8 bond interest.

9 79791. Pursuant to Chapter 4 (commencing with Section  
10 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
11 the cost of bond issuance shall be paid out of the bond proceeds.  
12 These costs shall be shared proportionately by each program funded  
13 through this division.

14 79792. The bonds issued and sold pursuant to this division  
15 may be refunded in accordance with Article 6 (commencing with  
16 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
17 the Government Code, which is a part of the State General  
18 Obligation Bond Law. Approval by the electors of the state for the  
19 issuance of the bonds under this division shall include approval  
20 of the issuance of any bonds issued to refund any bonds originally  
21 issued under this division or any previously issued refunding bonds.

22 79793. The Legislature hereby finds and declares that,  
23 inasmuch as the proceeds from the sale of bonds authorized by  
24 this division are not “proceeds of taxes” as that term is used in  
25 Article XIII B of the California Constitution, the disbursement of  
26 these proceeds is not subject to the limitations imposed by that  
27 article.

28 ~~SEC. 2. The Secretary of State shall submit Section 1 of this~~  
29 ~~act to the voters at the February 5, 2008, statewide primary election~~  
30 ~~in accordance with the provisions of the Government Code and~~  
31 ~~the Elections Code governing the submission of a statewide~~  
32 ~~measure to the voters.~~

33 ~~SEC. 3. (a) Notwithstanding any other provision of law, with~~  
34 ~~respect to the Water Supply Reliability Bond Act of 2008, as set~~  
35 ~~forth in Section 1 of this act, all ballots of the February 5, 2008,~~  
36 ~~statewide primary election shall have printed thereon and in a~~  
37 ~~square thereof, exclusively, the words: “Water Supply Reliability~~  
38 ~~Bond Act of 2008” and in the same square under those words, the~~  
39 ~~following in 8-point type:~~

~~“This act will provide financing for projects to protect California’s drinking water supply from natural disasters and improve water supply reliability and safe drinking water in every region of the state by authorizing a \$5.8 billion dollar bond act.”~~

SEC. 2. (a) *Notwithstanding the requirements of Sections 9040, 9043, 9044, 9061, and 9082 of the Elections Code or any other provision of law, the Secretary of State shall submit Section 1 of this act to the voters at the February 5, 2008, statewide primary election.*

(b) *Notwithstanding Section 13115 of the Elections Code, Section 1 of this act and any other measure placed on the ballot by the Legislature for the February 5, 2008, statewide primary election after the 131-day deadline set forth in Section 9040 of the Elections Code shall be placed on the ballot, following all other ballot measures, in the order in which they qualified as determined by chapter number.*

(c) *The Secretary of State shall include, in the ballot pamphlets mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of the Elections Code regarding the bond act contained in Section 1 of this act. If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet regarding this act to be mailed with the ballot pamphlet. If the supplemental ballot pamphlet cannot be mailed with the ballot pamphlet, the supplemental ballot pamphlet shall be mailed separately.*

SEC. 3. (a) (1) *Notwithstanding Section 9051 of the Elections Code or any other provision of law, the Attorney General shall provide and return to the Secretary of State a ballot title and summary in 8-point type for all state ballot pamphlets of the February 5, 2008, Primary Election that contains the following title and summary for Senate Bill No. 2, adopted by the Legislature at the 2007–08 Second Extraordinary Session:*

*“SAFE DRINKING WATER ACT OF 2008” and in the same square under those words:*

*“Safeguards supplies of safe, clean drinking water to California homes, farms, and businesses. Expands conservation, cleans up polluted wells, expands flood prevention and environmental protection of water sources supplying the State Water Project. Authorizes \$6.835 billion in general obligation bonds.”*

1     (2) *The language in paragraph (1) shall be the only language*  
2 *included in the title and summary for Senate Bill No. 2, adopted*  
3 *by the Legislature at the 2007–08 Second Extraordinary Session,*  
4 *and the Attorney General shall not supplement, subtract from, or*  
5 *revise that language.*

6     (3) *Notwithstanding any other provision of law, including*  
7 *Sections 9050, 9051, 13247, 13262, and 13281, the language in*  
8 *paragraph (1) of subdivision (a) for the title and summary shall*  
9 *also be the language included in the ballot label for the condensed*  
10 *statement of the ballot title, and the Attorney General shall not*  
11 *supplement, subtract from, or revise that language, except that the*  
12 *Attorney General may include the fiscal impact summary prepared*  
13 *pursuant to Section 9087 and Section 88003 of the Government*  
14 *Code. The ballot label is the condensed statement of the ballot*  
15 *title and the financial impact summary.*

16     (b) Opposite the square, there shall be left spaces in which the  
17 voters may place a cross in the manner required by law to indicate  
18 whether they vote for or against the act.

19     (c) Where the voting in the election is done by means of voting  
20 machines used pursuant to law in the manner that carries out the  
21 intent of this section, the use of the voting machines and the  
22 expression of the voters' choices by means thereof are in  
23 compliance with this section.

24     SEC. 4. Section 1 of this act shall take effect only upon the  
25 approval by the voters of the ~~Water Supply Reliability Bond Safe~~  
26 ~~Drinking Water Act of 2008~~, as set forth in that section.

27     SEC. 5. This act is an urgency statute necessary for the  
28 immediate preservation of the public peace, health, or safety within  
29 the meaning of Article IV of the Constitution and shall go into  
30 immediate effect. The facts constituting the necessity are:

31     In order to finance a critical water supply reliability and  
32 environmental restoration program as soon as possible, it is  
33 necessary that this act take effect immediately.

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